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ABSTRACT

The question of whether school choice improves student outcomes persists. This digest explores issues surrounding school choice, highlighting major research findings. Overall, the ultimate impact of choice depends on how parents and schools respond to more schooling options and greater competition. Research indicates that greater parental satisfaction is associated with choice, but that less educated parents with more modest means are less likely to exercise choice, which suggests that choice systems could lead to less equity and greater racial, ethnic, and socioeconomic stratification. Research suggests that any benefits of public-private choice are small, though there is some evidence that private schools benefit urban minority students. Research on educational vouchers does not show statistically significant differences between public and private school students in test score performance. Comparing student outcomes in localities with differing amounts of competition shows that intra- and inter-district choice plans affect student achievement, and public school districts facing greater competition from other districts have better student outcomes. A positive relationship exists between school choice and measures of school quality. Parents are making decisions that are likely to benefit their children academically, though they tend to base schooling decisions, at least in part, on non-academic school attributes. (SM)

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ERIC CLEARINGHOUSE ON URBAN EDUCATION

DIGEST

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SCHOOL CHOICE AS EDUCATION REFORM: WHAT DO WE KNOW?

School choice exists today in a variety of forms, from charter schools, magnet schools, and district and state open enrollment plans to publicly and privately financed voucher plans. Despite years of research and debate, the question of whether school choice improves student outcomes persists. Choice proponents suggest that injecting greater competition into the education system can revolutionize education, while opponents argue that choice would help only a select few students and hurt the many who are left behind. These starkly different views belie a much murkier research picture that suggests some forms of school choice may benefit some students under certain conditions. Much of the rhetoric surrounding the choice issue also ignores the crucial role that the specifics of school choice policies likely play in determining their effects. This digest explores the issues surrounding school choice and highlights some of the major research findings.

How Choice Might Improve K-12 Education

There are two arguments about why greater school choice would result in better educational outcomes: (1) It could allow schools to better tailor their programs to attract students with particular interests or learning styles, thus providing a better match for students' unique educational needs; and (2) it would break the public school educational monopoly and force schools to compete for students in an educational marketplace in which "good" schools would prosper and "bad" schools would improve or be forced to shut down.

If the primary benefit of choice is the match between students and schools, greater choice would be beneficial regardless of whether a school's resources are directly connected to its student population. However, if the primary benefit of choice is the creation of incentives designed to squeeze inefficiencies out of the system, then the connection between student shifts and educational resources may be essential so that there are financial consequences associated with losing students; here competition from the private sector may be beneficial.

Although the theory behind the potential benefits of choice is relatively straightforward, the educational marketplace is not directly parallel to the private sector. Students and parents may choose schools for a variety of reasons, and the vast majority of schools are not for profit. As a result, the ultimate impact of choice depends on how parents and schools respond to more schooling options and greater competition.

Findings from the Research

School choice, in its various forms, has been the focus of numerous studies over the past two decades. Most studies find greater parental satisfaction associated with choice. But studies also clearly show that less educated parents with more modest means are less likely to exercise choice, which raises concerns that choice systems could lead to less equity and greater racial, ethnic, and socioeconomic stratification.

No definitive conclusions have emerged about the academic effects of school choice on students, in part because much of the evidence on choice is derived from non-experimental research designs where the participants in the study have self-selected a school, and therefore may differ from those not in the study. Even students in the study may differ from one another in ways that are unobservable to the researcher. For example, we cannot directly observe students' attitudes toward academics, though they clearly play a role in explaining their achievement.

Efficiency of Public and Private Schools

Numerous studies have examined differences in the outcomes of students who attend public and private schools, enabling speculation about the effects of a voucher policy on the K-12 education system. Private school students, in general, outperform their public school counterparts on standardized tests, and they are more likely to graduate from high school and attend college. Significantly, positive private school effects have tended to be found predominantly for minority students in urban settings. There is, however, mixed evidence about whether this is an effect of the schools they attend or a result of student factors, such as family background.

Even if private schools do not outperform public schools in terms of test scores, they might still be considered more efficient if their costs for educating students are sufficiently lower. It is true that private school tuition, particularly for Catholic schools, is generally significantly less than the amount spent on each pupil in the public sector. There are, however, significant difficulties in accurately determining the cost of educating private school students. The tuition charged does not reflect subsidies from religious organizations or the in-kind contributions of parents who are often expected to contribute to the school's maintenance. The two sectors also serve very different student populations and provide different services. Thus, drawing strong conclusions about the value of choice based on comparisons between public and private schools is problematic.

Voucher Experiments

Educational experiments can mitigate some of the problems in other types of choice research. For example, voucher experiments have recently been conducted in several large cities whereby low-income students wishing to receive vouchers were randomly assigned to a treatment group that received modest vouchers (around $1,500 per year) or to a control group that did not. Evaluations showed that attending a private school had a statistically significant large beneficial impact overall. However, there were no statistically significant differences between public and private students in the test score performance of non-African Americans students, and gains were not found across all grades or subjects.

These evaluations did not include controls for the demographics or achievement of the other students in the public and private schools, so it is possible that what is perceived to be a pri-

vate school effect is actually a student peer effect. The estimated impact on this group that desires to attend private schools is not necessarily the effect on the general student population, and those schools that elect to participate in the experiment may not reflect private schools in general. Small experiments also do not provide evidence on the supply-side effects of a larger voucher program, but the quality and type of participating private schools would, in part, determine the overall impacts of expanded choice. Finally, many of the students offered vouchers chose not to use them. This could affect research findings if the characteristics of these students differ substantially from those who use their vouchers.

Competition Between Schools

Another method used to assess the impact of choice and competition on K-12 education is a comparison of student outcomes in localities with differing amounts of competition, either between public schools and school districts, or from private schools. Little definitive evidence has emerged about the impact of charter and magnet schools on other public schools from which they draw students, but some evidence does show that intra- and inter-district choice plans affect student achievement. New York City's District 4, for example, a high poverty district serving predominantly minority students, has demonstrated dramatic improvements in achievement at least in part resulting from a choice plan. Also, research on Minnesota and Massachusetts, states allowing inter-district choice, suggests that districts losing large numbers of students are likely to implement innovative programs designed to attract students back.

More generally, a number of studies show that public school districts that face greater competition from other districts in the same metropolitan area have better student outcomes and are more efficient. Similarly, research examining the performance of public schools with greater private school competition tends to show, to various degrees, greater competition positively impacts public school students. As with other non-experimental research, these studies have to take account of a variety of statistical problems. Failure to control adequately for unobserved differences in community preferences, such as choice of locality, may lead to biased estimates of the effect of competition on public schools.

Parental Selection of Schools

Studies generally show a positive relationship between the choice of school and measures of school quality, implying that parents are making decisions that are likely to benefit their children academically. However, many of the cues that parents may use to identify good schools are strongly correlated with characteristics of the students attending those schools, such as their socioeconomic status, suggesting that greater choice could result in greater segregation along racial/ethnic and socioeconomic dimensions. But it is also true that the public school system is relatively segregated today and has become more so as middle-class families have fled inner cities.

Conclusions

It is clear that not much is clear when it comes to the issue of choice in education, but we can draw a few conclusions from examining the broad array of findings:

- For most students, any benefits of public-private choice tend to be small.
- There is some evidence that private schools benefit minority students in urban areas.
- Competition between public schools and districts appears to have small beneficial effects on the efficiency of the schools competing.
- Parents are sensitive to measured school quality, but they also tend to base schooling decisions, at least in part, on non-academic attributes of a school.

Thus, there is an argument for increasing competition through enhanced choice options, although we do not yet know the consequences of more expansive choice policies. The existing evidence suggests that choice is unlikely to be either the panacea that some advocates claim or the disaster that opponents contend. Rather, its ultimate educational effects are likely to be influenced by the specific components of choice plans: the requirements placed on participating private schools, the size of the voucher, the eligible students, and the financing mechanism.

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